

Case Study: Improved Regulatory and Industry Standards Compliance



Company Background: Ottens Flavors

Ottens Flavors is a 127-year-old Philadelphia-based company that develops and markets flavors across the globe. Ottens' products are sold to literally hundreds of food manufacturers, including the major brands you know and love, in the U.S. and throughout the world.

Ottens works with numerous stringent external verification bodies including:

- AIB International annual audits from 1992-2009
- ASI/FPA and GMA Food Safety annual audits since 2002
- HACCP, GRAS and CODEX compliant
- BRC certified since 2008
- Pennsylvania Department of Agriculture, OSHA
- Numerous Customer Audits



Ottens is located in North and South America, and Mexico with sales office in Asia, and conducts business in the beverage, dairy, savory, and bakery/confectionary verticals. Because of the breadth and depth of the flavors business, Ottens has to manage over 600 suppliers around the world.

Ottens also exercises a strong commitment to environmental sustainability, and must therefore collect and analyze a wide variety of data about its supply chain.

The Problems

Ottens, like so many companies in food production, was experiencing ever-escalating expectations from its customers. New regulatory pressures, including the Food Safety Modernization Act (FSMA), put added pressure on Ottens and its global footprint.



Several issues came to the fore:

- The volume of suppliers and the data they generate, making it difficult to stay compliant with the BRC Global Food Safety Initiative (GFSI) scheme.
- HACCP, food quality, and food safety audit and compliance requirements.
- The Foreign Supplier Verification requirement (Section 301) of the Food Safety Modernization Act (FSMA).



It was no longer enough to show that each supplier was compliant with auditor expectations. Ottens now had to be able to prove which specific plant had provided which materials, and that this plant itself had been audited and judged compliant with industry norms and best practices.

Greatly magnifying these challenges was a manual, labor-intensive, and burdensome process to check supplier-provided data for each ingredient lot against Ottens' specifications.

Ottens was seeking a solution that would not only provide compliance, but also a return on its investment (ROI). Another goal was leveraging any new solution in Ottens' continuous improvement initiative.

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Outcomes and Benefits

TraceGains helped Ottens solve problems on several fronts, including documentation receipt, documentation analysis and management, but also supply chain visibility, compliance, and vendor management.

- To manage both vendors and lot shipments alike, certificates of analysis (COAs) submitted to Ottens' by suppliers are now automatically received, read, and evaluated for several criteria, including specific attribute data unique to each ingredient or raw material (e.g., pH, moisture, coliforms, etc.).
- Data are compared to Ottens' own specifications, and based on outcome, shipments are automatically accepted or rejected, or put on hold for further inspection. Lab data are also compared to supplier claims, and become part of the long-term supplier performance and risk profile.
- Through the automated purchase order acknowledgement process, Ottens can now better schedule production runs, since the company has gained instant visibility on supply chain disruptions. Supplier-caused stock-outs are reduced or eliminated, reducing the need for spot market buying and also increasing cash flow.
- Because Ottens now has early visibility into receiving lots, the company can expedite the receipt of compliant shipments. Products are manufactured more consistently and with fewer adjustments, leading to better operating margins, higher finished goods quality, as well as increased customer satisfaction.
- Through the automation efficiencies gained, Ottens was able to redeploy internal full-time resources who spent half their time on clerical tasks, away from problem-seeking to higher-value problem solving activities.
- Most critical to Ottens, however, is the ability to see supplier trends, both historical and current. Instead of waiting for problems to occur, Ottens can now spot short-term trends, and counsel suppliers before their materials violate upper or lower control limits.

"TraceGains instantly provides much of the data needed during customer audits of Ottens Flavors."

—Greg Rowe, Supply Chain Manager, Ottens Flavors

"TraceGains gives us early warning, even before we receive some lots, of impending problems."

—Greg Rowe, Supply Chain Manager, Ottens Flavors

Ottens has gained a collaboration tool that enables the company to have more productive conversations with its suppliers. Reports now show where Ottens and its suppliers have gaps, and the company is confident that working with its vendors is now a win-win.

Further, leveraging TraceGains' 100% Digital Document Program has made TraceGains' supplier, compliance, and regulatory document management solution truly turnkey and cost-effective. Authorized

Ottens employees can log into the TraceGains system from any Internet-enable computer, view supplier performance and compliance information, and take the appropriate steps to assure long-term customer satisfaction and brand protection.

